



NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

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**TREASURER ANGELIDES WINS CALPERS APPROVAL OF INNOVATIVE
'CLEAN TECHNOLOGIES' INVESTMENT PROGRAM, A KEY PART OF
HIS 'GREEN WAVE' ENVIRONMENTAL INVESTMENT INITIATIVE**

*Landmark Initiative Will Boost Growing Economic Sector
and Reduce Risks to Pensioners and Taxpayers*

SACRAMENTO, CA – The California Public Employees' Retirement System (CalPERS) today adopted an environmental technology investment program that is a key component of Treasurer Phil Angelides' landmark *Green Wave* environmental investment initiative. The *Green Wave* initiative is designed to bolster financial returns, create jobs and clean up the environment.

The CalPERS Investment Committee voted unanimously to make an initial investment of up to \$200 million over the next few years in the "clean" technology sector. CalPERS will make private equity investments, venture capital and project financing available, with commitments potentially reaching several hundred million dollars over the next several years. The aim is to provide CalPERS – the nation's largest public pension fund – with positive, long-term returns, while at the same time creating jobs and economic growth in California in the years ahead.

CalPERS' new Environmental Technology Program will look to invest in technologies such as renewable energy, fuel cells, water purification and conservation, waste recycling and processing, and re-use of materials. Across the globe, demographic trends, public awareness, environmental crises and increased regulation and public policy attention are driving growth in the clean technology industry. In proposing the *Green Wave* initiative, Angelides noted that investing in technological innovation will allow CalPERS to help build an industry critical to the State and nation, while earning those positive returns for pensioners and taxpayers and addressing environmental problems.

"Now is the time for California to catch the '*Green Wave*' of smart, environmental investments and responsible corporate environmental leadership," the Treasurer said. "The environmental technology sector is expanding rapidly in response to the growing worldwide need to clear the air, land and water of pollutants through advanced solutions to our environmental challenges."

CalPERS' Environmental Technology Program is the culmination of the pension fund's effort launched – at the Treasurer's request – more than a year ago to craft a clean technology private equity program. The goal was to fashion a broad, flexible and diversified portfolio of investments that could achieve positive returns in the emerging clean technology investment arena.

The Environmental Technology Program fulfills one of the four objectives of Angelides' *Green Wave* initiative, which he unveiled last month at the Palo Alto headquarters of Nanosolar Inc., a maker of cutting edge, lightweight plastic solar cells.

The Treasurer's four-pronged initiative calls on CalPERS and the California State Teachers' Retirement System (CalSTRS) – the nation's third-largest public pension fund – to marry the jet stream of finance and capital markets with public purpose by committing \$1.5 billion to investments in cutting-edge technologies and environmentally responsible companies. CalPERS and CalSTRS are expected to take action on the various aspects of the *Green Wave* initiative later this spring and summer.

In addition to proposing that CalPERS and CalSTRS invest a combined \$500 million in environmental technology, the *Green Wave* initiative also calls on the two public pension funds to:

- **Invest in Stocks of Environmentally Responsible Companies.** Urge CalPERS and CalSTRS to invest a combined \$1 billion of their stock portfolios into environmentally screened funds through leading active public equity investment managers with proven track records. An increasing number of recent investment research studies have shown that environmentally screened funds are out-performing their non-screened counterparts. Investing in such funds will not only provide CalPERS and CalSTRS with the opportunity for enhanced financial returns, but will also send a strong signal to corporations about the added value of responsible, forward-looking environmental practices. Under this proposal, the performance of any manager selected must equal or exceed that of the funds' existing, active managers.
- **Demand Environmental Accountability and Disclosure.** Using their financial clout in the marketplace, and building on their track record of corporate governance leadership, CalPERS and CalSTRS would prod corporations to provide meaningful, consistent and robust reporting of their environmental practices, risks and potential liabilities. Through a new environmental governance program, CalPERS and CalSTRS would encourage companies – through dialogue, shareholder resolutions and other actions – to improve their environmental operations and reduce their environmental risks and liabilities. As part of this effort, California's pension funds would also join with other major U.S. investors to urge more comprehensive corporate reporting of environmental practices and liabilities. The coalition's effort would include such actions as urging the Securities and Exchange Commission to strengthen environmental disclosure rules, and seeking corporate reporting on such critical financial factors as climate risk assessment and global warming.

- **Audit real estate portfolios to boost long-term value.** Call on CalPERS and CalSTRS to undertake a comprehensive audit of their respective real estate investments to determine whether the investments are maximizing their opportunities to use clean energy, energy efficiency and green building standards and practices that reduce long-term costs and boost long-term value. CalPERS and CalSTRS have nearly \$16 billion invested in real estate and property in California, the nation and 22 countries throughout the world. CalPERS and CalSTRS own nearly 160 million square feet of office and industrial space alone.

Bob Epstein, co-founder of Environmental Entrepreneurs (E2) – a national nonpartisan coalition of business leaders who support good environmental policy based on its economic merits – praised today's actions, saying the new investment program "will provide CalPERS with superior financial returns." The growing clean technology markets "can provide California economic growth, new jobs and more efficient businesses while also helping to make a cleaner, healthier environment," said E2's Epstein, whose group's environmental partner is the Natural Resources Defense Council.

Also endorsing the CalPERS action today was Art Pulaski, Executive Secretary-Treasurer of the California Labor Federation, AFL-CIO. Pulaski said that the Treasurer's *Green Wave* initiative complements the California Apollo Project, an environmental program endorsed by a coalition of labor, environmental and community group leaders. "Like the California Apollo Project, the CalPERS Environmental Investment Program is about changing our future," Pulaski said. "We need to see strong public investment in real job creation – not careless governmental spending or corporate tax breaks that create long term deficits. CalPERS – and soon, CalSTRS – will see great investment returns, benefiting our public employees, and at the same time building the right kind of economy in our state."

The *Green Wave* initiative is an outgrowth of a yearlong series of roundtable discussions sponsored by Angelides with environmental technology and financial leaders across the nation, and of the Institutional Investor Summit on Climate Risk held last November at the United Nations in New York, presented by CERES, a national coalition of investment funds, environmental organizations and public interest groups. The Treasurer was a speaker at that summit.

Attachment: Fact sheet on Targeting Private Investment in Environmental Technologies

Visit the CalPERS website (www.calpers.ca.gov) to read the entire CalPERS staff report on the Environmental Technology Program.

Target Private Investment in Environmental Technologies

- **Clean technology has emerged as the sixth largest venture investment category in the U.S. and Canada**, behind information technology, software, biotechnology, health care, and telecommunications. According to Cleantech Venture Network, LLC, in 2002, investments in energy-related clean technologies represented nearly half (45.5 percent) of all clean technology investments. The remaining investments in clean technologies included enabling technologies -- technologies developed by biological, computational, and physical scientists and engineers that enable better use of natural resources and greatly reduce ecological impact (14 percent); materials and nanotechnology (13.8 percent), materials recovery and recycling (8 percent), and water-related technologies (4 percent). (Source: Cleantech Venture Network, LLC, *Venture Monitor Q1 2003*.)
- **Venture capital investments in clean technologies were estimated to reach \$1.3 billion for the year 2003**. Clean technology captured 7.4 percent of the \$4.3 billion in venture capital invested overall in the U.S. during the third quarter of 2003. In 2002, just under \$1.1 billion in venture capital was invested in 179 clean technology companies, according to Cleantech Venture Network, LLC. (Source: Cleantech Venture Network, LLC, *Venture Monitor Q1 2003*.)
- **The global market for renewable energy is estimated to reach as much as \$625 billion by 2010, and \$1.9 trillion by 2020**, according to estimates by the World Energy Council. (Source: Carbon Disclosure Project, "Carbon Finance and the Global Equity Markets," (2003).)
- **California was once the leading home of wind and solar manufacturing; today, jobs in those industries are mostly found abroad**. For example, 45,000 people within the European Union are now employed in wind power manufacturing. The European Wind Energy Association estimates that electricity generated by windmills will increase more than 700 percent between 2002 and 2010 in Europe. (Source: Peter Asmus, *Reaping the Wind: How Mechanical Wizards, Visionaries, and Profiteers Helped Shape Our Energy Future*, as cited in Clean Edge, *Bringing Solar to Scale: A Proposal to Enhance California's Energy, Environmental, and Economic Security* (July 2003).)
- **For every megawatt of solar power, 35.5 jobs are created in manufacturing, installation, servicing, sales, and marketing**, according to the Renewable Energy Policy Project. The worldwide solar PV market, including sales of modules, system components, and installations, totaled \$3.5 billion in 2002 and is projected to rise to \$27.5 billion by 2012, according to Clean Edge research. Annual global manufacturing output of solar PV modules has more than tripled in the past four years. Japan, the global solar manufacturing leader, accounted for nearly half of the manufacturing output in 2002, expanding fivefold since 1998. The U.S., the second largest producer, nearly doubled its production in just four years. (Source: Solar Catalyst Group, "Solar Opportunity Assessment Report," (December 2003).)

